

Terms of Reference of the Joint Audit Committee

1. Statement of purpose

- 1.1 The Joint Audit Committee is a key component of the corporate Governance of the Police and Crime Commissioner (PCC) and Chief Constable (CC) for North Wales. It provides an independent and high-level focus on the audit, assurance, risk management and reporting arrangements that underpin good governance and financial standards.
- 1.2 The purpose of the Joint Audit Committee is to provide independent advice and recommendation to the PCC and CC on the adequacy of the governance and risk management frameworks, the internal control environment, and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end the Committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of the Office of the Police and Crime Commissioner's (OPCC) and Force's governance, risk management and control frameworks, the financial reporting and annual governance process, and internal and external audit.
- 1.3 These terms of reference summarise the core functions of the Committee in relation to the OPCC and to the Force and describe the protocols in place to enable it to operate independently, robustly and effectively.

2. Governance, risk and control

- 2.1 The Committee will provide advice and recommendations to the PCC and CC in relation to the following areas:
- 2.1.1 Review the Manual of Governance, comprising the Code of Corporate Governance, Scheme of Consent, Financial Regulations and Standing Orders for Contracts against the good governance framework, and comment and advise on any proposed changes.
- 2.1.2 Review the corporate governance arrangements against the good governance framework, including the ethical framework, codes of governance, and policies on fraud, irregularity and corruption, including whistle blowing.
- 2.1.3 Review the annual governance statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
- 2.1.4 Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

- 2.1.5 Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Force.
- 2.1.6 Monitor the effective development and operation of risk management, review the risk profile, and monitor the progress of the PCC and CC in addressing risk-related issues reported to them (individual Force operational risks are specifically excluded from the remit of the Joint Audit Committee).
- 2.1.7 Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 2.1.8 Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter fraud strategy, actions and resources.
- 2.1.9 To review the governance and assurance arrangements for significant partnerships or collaborations.
- 2.1.10 The PCC nominate the Joint Audit Committee to be responsible for ensuring effective scrutiny of the Capital Strategy and Treasury Management Policy.

3. Internal Audit

- 3.1 The Committee will provide advice and guidance to the PCC and CC in relation to the following areas:
 - 3.1.1 Annually review the internal audit charter and resources.
 - 3.1.2 Review the internal audit plan and any proposed revisions to the internal audit plan.
 - 3.1.3 Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence.
 - 3.1.4 Consider the head of internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements.
 - 3.1.5 To consider the head of internal audit's statement of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
 - 3.1.6 Consider summaries of internal audit reports and such detailed reports as the Committee may request from the PCC and CC, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.
 - 3.1.7 Consider a report on the effectiveness of internal audit to support the Annual Governance Statement as required by the Accounts and Audit Regulations (Wales) 2014.
 - 3.1.8 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To make

recommendations on safeguards to limit such impairments and periodically review their operation.

4. External audit

4.1 The Committee will provide advice and recommendations to the PCC and CC in relation to the following areas:

4.1.1 Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by the Auditor General or Audit Wales.

4.1.2 Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.

4.1.3 Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance.

4.1.4 Consider specific reports as agreed with the external auditor.

4.1.5 Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

5. Financial Reporting

5.1 The Committee will provide advice and recommendations to the PCC and CC in relation to the following areas:

5.1.1 Review the annual statements of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the PCC or CC.

5.1.2 Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

6. Accountability arrangements

6.1 The Committee will:

6.1.1 On a timely basis report to the PCC and CC with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.

6.1.2 Report to the PCC and CC on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

- 6.1.3 Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the PCC and CC.
- 6.1.4 Publish an annual report of the work of the Committee.

7. General

- 7.1 The Committee will normally comprise five independent members, who are independent of both the OPCC and Force. If it becomes apparent that the membership will fall below four members, recruitment will be undertaken to bring the membership up to five.
- 7.2 The quorum for the Committee will be at least three independent members.
- 7.3 The committee will meet at least four times each year. Additional meetings may be arranged by exception to discuss matters of urgent concern.
- 7.4 Training and other events take place on a periodic basis, which members are expected to attend.
- 7.5 Each member is invited to lead in an area where they have specialist knowledge, and may communicate with relevant staff and officers outside of formal meetings in order to be able to inform the rest of the Committee and to provide assurance to the PCC and CC.